

STAFFORD COUNTY PUBLIC SCHOOLS

Agenda Consideration

TOPIC: Employee Benefits Renewal:
Health/Dental Insurance
MedExpert International, Inc.
Unreimbursed Medical Flex Spending Account

ITEM NO.: 9E

PREPARED BY: Wayne C. Carruthers
Assistant Superintendent for Financial Services

MEETING: April 12, 2006

MEETING: March 28, 2006

ACTION DATE: April 12, 2006

Lucy N. Maddy
Director of Payroll & Benefits

ACTION REQUESTED BY THE SUPERINTENDENT:

That the School Board renew the contracts with the proposed rate increases/decreases effective July 1, 2006, except Dominion Dental Services, Inc., which will be effective October 1, 2006 for the employee benefits listed in the Key Points.

KEY POINTS:

- Renew the contract for Health Insurance with Anthem Blue Cross Blue Shield reflecting a 14.3% increase in rates.
- Renew the contract for Dental Insurance with Anthem Blue Cross Blue Shield reflecting a 20% decrease in rates.
- Renew the contract with Dominion Dental Services, Inc., reflecting a 10% increase in rates.
- Renew the contract with the MedExpert International, Inc., program with no rate increase.
- Approve the recommendation of the Health Insurance Advisory Committee and Financial Services staff to increase the Flexible Spending Unreimbursed Medical Expense amount to \$3,000 per plan year, effective October 1, 2006.

An Overview of the Proposed Renewal for Health, Dental, MedExpert, and the Unreimbursed Medical Expense Program with detailed information is attached.

SCHOOL BOARD GOAL #6: Introduce programs to enhance employee status, within the school division and community at large, so that employees are aware of their value to school and community.

FUNDING SOURCE: Health Benefits Fund

AUTHORIZATION REFERENCE: Stafford County Public Schools Policy & Regulation 5-33

OVERVIEW OF PROPOSED RENEWAL FOR HEALTH, DENTAL, MEDEXPERT, AND UNREIMBURSED MEDICAL PROGRAMS

HEALTH

Members of the Financial Services staff and our health insurance consultant Lee Deskins met with Anthem Blue Cross Blue Shield Representatives to discuss the proposed health insurance renewal on February 6, 2006. Anthem has projected the school division's **increase** for medical to be **14.3%**, effective July 1, 2006. See Attachment A for proposed rate information.

The average number of subscribers participating in health insurance decreased 2.1%, but the average number of covered members increased 6.1% over the prior review period of January 1, 2005 through December 31, 2005. The current review period had 32 claimants whose expenses represented 24.2% of our group's total expenses and there were 12 claimants exceeding the specific stop loss limit. Anthem's Medical Director has reviewed clinical factors contributing to these increased claims and has presented his findings to members of the Financial Services staff. As a self-funded plan, 85% of the total cost for health insurance is based on actual claims costs and the remaining 15% are fixed costs such as claims processing, network access fees, and reinsurance charges.

Anthem is committed to improving the health of its members. Anthem has announced that they will expand their Anthem Better Prepared Program to include Low Back Pain, Vascular-At Risk (hypertension, hyperlipidemia, and obesity) and musculoskeletal (arthritis, osteoporosis, hip & knee replacement). Currently their focus has been on patients with Diabetes, Asthma, Congestive Heart Failure, Coronary Artery Disease, and Chronic Obstructive Pulmonary Disease. Anthem will continue to provide subscribers access to a 24-hour Nurse Line for any of the above conditions.

The Low Back Pain program focus will be on lumbar region disorders that can often improve with non-surgical treatment plans. The goals of the program include:

- providing education and support to members,
- encouraging the appropriate use of diagnostic testing, and
- assisting members in evaluating surgical alternatives.

The Vascular At-Risk program will provide individuals diagnosed with these conditions the opportunity to make aggressive lifestyle changes today that can delay or prevent the development of other serious diseases. It is extremely difficult to commit to change. The Vascular At-Risk program addresses each condition through an Individual Intervention Plan designed to meet the unique needs of each individual.

The Musculoskeletal program:

- represents a precursor to future health problems,
- addresses the fact that these conditions are health concerns that impact large numbers of the population, and
- acknowledges that these conditions are serious medical conditions that require significant education and support.

Promotion of member engagement in health improvement and wellness is a critical component of group health plans' ability to manage costs over the long term. As part of Anthem's commitment to work collaboratively with Stafford Schools, they have allocated \$25,000 to be used for wellness services that will be offered through the division's Healthy Habits Program. Anthem will collaborate with the division's Healthy Habits coordinator to identify group specific improvement opportunities based on utilization data, demographics, and unique worksite considerations.

DENTAL

There will be a **20% decrease** in the Anthem Dental Plan. There are no changes to the benefit design. See Attachment B for monthly rates.

Dominion Dental Services, Inc. has proposed an overall **10% increase** to current rates. The plan will be upgraded from the 507X to the 607X which is the new version of the current plan. Some of the co-payments have increased slightly to accommodate changes in area dental fees. The proposed rate increase will take place October 1, 2006. See Attachment B for monthly rates.

MEDEXPERT

There will be no increase in the MedExpert International, Inc. Program. MedExpert is an independent medical information company whose aim is to help employees navigate the complexities of the healthcare system and provide information that will lead to healthy medical and pharmaceutical decisions. There is no cost to the employee for this benefit. MedExpert will continue to provide Individual Medical Decision Support services to all contracted Stafford County School employees and members of their immediate family at a rate of \$2.00 per contracted employee per month paid by the school division. Participation in the school division health plan is not required. Participation is voluntary.

MedExpert has assisted eighty-four (84) school employees (or their dependents) with one hundred twenty-two (122) different cases. This represents a utilization rate of 2.09% of the employee population. MedExpert has assisted employees on eight-three (83) different medical conditions and twenty (20) different pharmaceuticals. Of the cases that MedExpert has managed, 31% have been generated by repeat users. MedExpert is a highly regarded benefit. Attachment C provides a summary of utilization.

FLEX PLAN - UNREIMBURSED MEDICAL EXPENSES

Financial Services Department staff has received requests from employees to consider raising the limit for unreimbursed medical expenses from \$1,500 per plan year. The plan year for unreimbursed medical expenses begins October 1, and ends September 30 of each year. Employees must estimate their medical expenses carefully as this is a "use or lose" account. The employee who elects to participate in this Flex Spending Account pays for medical expenses not covered by a health plan with the use of pre-tax dollars (dollars not subject to federal, state, or fica tax). The Health Insurance Advisory Committee and Financial Services staff recommend increasing the unreimbursed medical expense limit to \$3,000 beginning October 1, 2006 which is the beginning of the next plan year.

Stafford County Public Schools

Proposed Health Insurance Renewal Rates

Triple option monthly premium projections for effective July 1, 2006

Current Enrollment 12/31/06

	Keycare 100	Keycare 15 Plus Dental	Keycare 30 Plus Dental
Employee	1493	368	6
Employee + Child	175	32	3
Employee + Children	30	17	2
Employee + Spouse	136	22	1
Employee + Family	248	78	16
Medicare Carve Out	154	3	0
Total	2236	520	28

Present Rates

Employee	\$394	\$378	\$327
Employee + Child	\$590	\$571	\$494
Employee + Children	\$702	\$677	\$587
Employee + Spouse	\$822	\$784	\$677
Employee + Family	\$1,050	\$1,020	\$884
Medicare Carve Out	\$286	\$282	\$245

Renewal Rates

Employee	\$450	\$421	\$363
Employee + Child	\$674	\$636	\$548
Employee + Children	\$802	\$755	\$652
Employee + Spouse	\$940	\$877	\$755
Employee + Family	\$1,200	\$1,134	\$978
Medicare Carve Out	\$327	\$312	\$269

Percent Increase

Employee	14.30%	11.60%	11.18%
Employee + Child	14.30%	11.38%	10.92%
Employee + Children	14.30%	11.48%	11.05%
Employee + Spouse	14.30%	11.83%	11.43%
Employee + Family	14.30%	11.20%	10.72%
Medicare Carve Out	14.30%	10.68%	10.13%

Premium Present Rates	\$1,128,788.00	\$266,390.70	\$19,434.10
Total Annual Premium	\$16,975,353.60		

Premium Renewal Rates	\$1,290,202.67	\$296,946.73	\$21,538.25
Total Annual Premium	\$19,304,251.81		

Year to Year % Increase to School Board* 22%

*Including Enrollment Changes from 12/31/2004 to 12/31/2005

Stafford County Public Schools

Proposed Health Insurance Contributions 2006-2007

Triple option monthly premium, Employee and School Board contributions

With 5-Tier Rate Structure 14.3% Medical Increase

HEALTH INSURANCE RATES EFFECTIVE JULY 1, 2006			
KEY CARE 100 - CURRENT PLAN	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$450	\$408	\$42
Employee + Child	\$674	\$465	\$209
Employee + Children	\$802	\$466	\$336
Employee + Spouse	\$940	\$466	\$474
Employee + Family	\$1,200	\$632	\$568
Husband & Wife Employed Family Plan	\$1,200	\$1,040	\$160

KEY CARE 100 - CURRENT PLAN PART-TIME EMPLOYEES 70%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$450	\$286	\$164
Employee + Child	\$674	\$326	\$348
Employee + Children	\$802	\$326	\$476
Employee + Spouse	\$940	\$326	\$614
Employee + Family	\$1,200	\$442	\$758
Husband & Wife Employed Family Plan (Both 70%)	\$1,200	\$728	\$472

KEY CARE 100 - CURRENT PLAN PART-TIME EMPLOYEES 80%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$450	\$326	\$124
Employee + Child	\$674	\$372	\$302
Employee + Children	\$802	\$372	\$430
Employee + Spouse	\$940	\$372	\$568
Employee + Family	\$1,200	\$506	\$694
Husband & Wife Employed Family (Both 80%)	\$1,200	\$832	\$368

KEY CARE 100 - CURRENT PLAN PART-TIME EMPLOYEES 90%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$450	\$367	\$83
Employee + Child	\$674	\$419	\$255
Employee + Children	\$802	\$419	\$383
Employee + Spouse	\$940	\$419	\$521
Employee + Family	\$1,200	\$569	\$631
Husband & Wife Employed Family (Both 90%)	\$1,200	\$936	\$264

Stafford County Public Schools

Proposed Health Insurance Contributions 2006-2007

Triple option monthly premium, Employee and School Board contributions

With 5-Tier Rate Structure 14.3% Medical Increase

HEALTH INSURANCE RATES EFFECTIVE JULY 1, 2006			
KEY CARE 15	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$421	\$400	\$21
Employee + Child	\$636	\$465	\$171
Employee + Children	\$755	\$466	\$289
Employee + Spouse	\$877	\$466	\$411
Employee + Family	\$1,134	\$632	\$502
Husband & Wife Employed Family Plan	\$1,134	\$1,024	\$110

KEY CARE 15 PART-TIME EMPLOYEES 70%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$421	\$280	\$141
Employee + Child	\$636	\$326	\$310
Employee + Children	\$755	\$326	\$429
Employee + Spouse	\$877	\$326	\$551
Employee + Family	\$1,134	\$442	\$692
Husband & Wife Employed Family (Both 70%)	\$1,134	\$722	\$412

KEY CARE 15 PART-TIME EMPLOYEES 80%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$421	\$320	\$101
Employee + Child	\$636	\$372	\$264
Employee + Children	\$755	\$372	\$383
Employee + Spouse	\$877	\$372	\$505
Employee + Family	\$1,134	\$506	\$628
Husband & Wife Employed Family (Both 80%)	\$1,134	\$826	\$308

KEY CARE 15 PART-TIME EMPLOYEES 90%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$421	\$360	\$61
Employee + Child	\$636	\$419	\$217
Employee + Children	\$755	\$419	\$336
Employee + Spouse	\$877	\$419	\$458
Employee + Family	\$1,134	\$569	\$565
Husband & Wife Employed Family (Both 90%)	\$1,134	\$929	\$205

Stafford County Public Schools

Proposed Health Insurance Contributions 2006-2007

Triple option monthly premium, Employee and School Board contributions

With 5-Tier Rate Structure 14.3% Medical Increase

HEALTH INSURANCE RATES EFFECTIVE JULY 1, 2006			
KEY CARE 30	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$363	\$351	\$12
Employee + Child	\$548	\$461	\$87
Employee + Children	\$652	\$466	\$186
Employee + Spouse	\$755	\$466	\$289
Employee + Family	\$978	\$632	\$346
Husband & Wife Employed Family Plan	\$978	\$962	\$16

KEY CARE 30 PART-TIME EMPLOYEES 70%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$363	\$246	\$117
Employee + Child	\$548	\$326	\$222
Employee + Children	\$652	\$326	\$326
Employee + Spouse	\$755	\$326	\$429
Employee + Family	\$978	\$442	\$536
Husband & Wife Employed Family (Both 70%)	\$978	\$688	\$290

KEY CARE 30 PART-TIME EMPLOYEES 80%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$363	\$281	\$82
Employee + Child	\$548	\$372	\$176
Employee + Children	\$652	\$372	\$280
Employee + Spouse	\$755	\$372	\$383
Employee + Family	\$978	\$506	\$472
Husband & Wife Employed Family (Both 80%)	\$978	\$787	\$191

KEY CARE 30 PART-TIME EMPLOYEES 90%	TOTAL PREMIUM	SCHOOL BOARD PORTION	MONTHLY EMPLOYEE PORTION
Employee	\$363	\$316	\$47
Employee + Child	\$548	\$419	\$129
Employee + Children	\$652	\$419	\$233
Employee + Spouse	\$755	\$419	\$336
Employee + Family	\$978	\$569	\$409
Husband & Wife Employed Family (Both 90%)	\$978	\$876	\$102

Stafford County Public Schools
Proposed Dental Insurance Renewal Rates
Monthly premium projections effective July 1, 2006

<u>Anthem Dental Rates</u>	<u>Current</u>	<u>Renewal</u>
Employee Only	\$29.59	\$24.00
Employee and One Child	\$48.45	\$39.00
Employee and Children	\$55.45	\$44.00
Employee and Spouse	\$56.27	\$45.00
Employee and Family	\$91.69	\$73.00

<u>Dominion Dental Rates</u>	<u>Current</u>	<u>Renewal</u>
Employee Only	\$17.82	\$19.60
Employee and One Dependent	\$32.88	\$36.16
Employee and Two or More Dependents	\$49.02	\$53.92



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Stafford County Public Schools – MedExpert Summary Utilization

Stafford County Public Schools MedExpert Utilization 1/1/05 - 2/28/06	
Total Employees	4,015
Individuals Utilizing Medical IMDS	78
Individuals Utilizing Pharmaceutical IMDS Only	12
Total Individuals Assisted (includes dependents)	84
Total Episodes	102
Total Active Episodes	78
Percent of Stafford Employees Assisted	2.09%
Total Individual Encounters	9,775
Average Encounters per Episode	17.4
Unique Medical Subjects Managed	83
Unique Pharmaceutical Subjects Managed	20

Stafford County Public Schools – Episode Summary

Stafford County Public Schools MedExpert Medical Condition Summary	
Condition	Count
Breast Neoplasms	4
Insurance, Health	4
Obesity, Morbid	4
Colonic Diseases, Functional	3
Arthroplasty, Replacement, Shoulder	2
Fibromyalgia	2
Constipation	2
Autistic Disorder	2



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Hypercholesterolemia	2
Mass Screening	2
Tobacco Use Disorder	2
Referral and Consultation	2
Pharmaceutical Services	2
Insurance Benefits	2
Hypertension	2
Alcoholism	1
Amphibian Proteins	1
Ankle Injuries	1
Blepharoptosis	1
Cholecystectomy	1
Cicatrix	1
Ear, External	1
Ear Diseases	1
Diverticulitis, Colonic	1
Diabetes Mellitus, Type 2	1
Depression	1
Cushing Syndrome	1
Cough	1
Colorectal Neoplasms	1
Colonoscopy	1
Lymphatic Diseases	1
Leiomyoma	1
Knee Injuries	1
Kidney Neoplasms	1
Insurance, Dental	1
Hysterectomy	1
Hodgkin Disease	1



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Hepatitis C	1
Heart Catheterization	1
Staphylococcal Infections	1
Smoking Cessation	1
Sleep Apnea Syndromes	1
Sinusitis	1
Sacroiliac Joint	1
Rosacea	1
Reflex Sympathetic Dystrophy	1
Preventive Health Services	1
Positron-Emission Tomography	1
Weight Loss	1
Venous Thrombosis	1
Vasectomy	1
Vaginal Smears	1
Thyroid Neoplasms	1
Tenosynovitis	1
Tendinitis	1
Stasis Dermatitis	1
Polymyalgia Rheumatica	1
Polycystic Ovary Syndrome	1
Peripheral Vascular Diseases	1
Pain	1
Ovarian Neoplasms	1
Osteoporosis	1
Osteoarthritis, Spinal	1
Nephrotic Syndrome	1
Myofascial Pain Syndromes	1
Myocardial Ischemia	1



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Musculoskeletal Diseases	1
Menorrhagia	1
Menopause	1
Mammography	1
Mammaplasty	1
Macular Degeneration	1
Gastroesophageal Reflux	1
Gallstones	1
Fragile X Syndrome	1
Fibrocystic Breast Disease	1
Fever	1
Exanthema	1
Epispadias	1
Endometrial Neoplasms	1
Cholelithiasis	1
Carpal Tunnel Syndrome	1
Bone Diseases, Metabolic	1
Bladder Exstrophy	1
Arthritis, Rheumatoid	1
Arthroplasty, Replacement, Hip	1
Arthroplasty, Replacement, Knee	1